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SUBJECT: CODEL LOWEY SIGNALS CONGRESSIONAL SUPPORT FOR NUCLEAR DEAL
WHILE CITING CONCERNS

REF: NEW DELHI 1676

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Summary

1. (SBU) In a meeting with the Nuclear Power Corp. of India (NPCIL), Codel Lowey expressed general support for the planned U.S.-India civil nuclear cooperation, yet cited concerns that members of Congress still have about the deal. Congressman Edward Royce told the NPCIL leadership that India must reign in the scientists who continue to insist on a right to test nuclear weapons. Granting India the right to test was incompatible with U.S. law, a notion that India and its scientists must understand, he said. Members of the delegation noted that, even in the most optimistic projections, nuclear power would still play a modest role in India in the future, behind even hydropower and renewable energy. Congressman Adam Schiff said Congress remained concerned that civil nuclear cooperation could allow, indirectly if not directly, the diversion of resources to India's strategic program. That, Schiff said, would be "a disaster." S.K. Jain, NPCIL Chairman, outlined the growth plans for nuclear power in India and argued that the percentage of non-safeguarded reactors would fall dramatically in the coming years, and that there was therefore no competition between civil and military usages of India's limited uranium resources. Jain said that, for energy security reasons, India would remain committed to its vision of a three-stage nuclear program with a closed fuel cycle even if the deal with the U.S. becomes reality. The massive procurement of foreign reactor technology will ultimately be a bridge used by India to meet the country's surging power demand before the three-stage program becomes reality, Jain said. End summary.

Lowey: Congress "big fans" of U.S.-India Relationship

2. (SBU) During an April 11 meeting in Mumbai, Congresswoman Nita Lowey told the leadership of the NPCIL that the members of her bipartisan Congressional delegation were all "big fans" of the U.S.-India relationship. All saw the importance of the

relationship in a changing and increasingly challenging world, and its role in strengthening the world's non-proliferation regime. The delegation took non-proliferation very seriously, she said, and recognized the opportunities provided by nuclear power, which she said was now indispensable in many parts of the world.

Royce: India Must Reign in its Scientists

13. (SBU) Congressman Edward Royce said that India must reign in the small group of scientists who continued to oppose the civil nuclear deal if the cooperation is ever to become reality. The United States had its own experience with a military-industrial complex interested in the development and expansion of a military nuclear arsenal. President Eisenhower was the first president to recognize the need to subject such scientists to strong political and civilian control, he told S.K. Jain, chairman of the NPCIL. A small group of Indian scientists remained interested in expanding the country's nuclear arsenal, and in continued testing of nuclear weapons, since that was their job and their calling. U.S. law would never permit an agreement that did not contain an Indian obligation to cease testing, however, and these scientists, and India, should not think that it can hope to get both the agreement and a continued ability to test nuclear weapons, he said. Indian industry had a valuable role to play in lobbying the government to reign in the scientists, Royce told Jain. He encouraged the NPCIL and other Indian companies to weigh in with their government to highlight the benefits of the proposed agreement and to demonstrate the downside that India would incur if it fails to get the agreement because of the obduracy of its scientists and its military-industrial complex. Jain responded by saying that Indian industry strongly supported civil nuclear cooperation with the U.S., and made its views clearly known to the GOI. Private companies were interested in expanding into nuclear power generation, and the large number of companies that supply the NPCIL's construction activities also saw the opportunities

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opened up by the deal.

CODEL Asks About Limited Role of Nuclear Power in the Future

14. (SBU) Lowey, Royce and Congressman Adam Schiff all inquired about the NPCIL's expansion plans, noting that India's most optimistic projections foresaw only a limited role of nuclear power in the country's power mix in the future. Jain had explained that the GOI's most recent projections foresaw a need for 700 gigawatts (GW) of generation capacity by 2032. In this scenario, nuclear power would contribute 63 GW or 9 percent. Coal/gas would contribute 390 GW, hydro 150 GW and renewable sources 97 GW. Lowey asked whether the relatively small role of nuclear power reflected a policy decision or was governed by other restraints. Acknowledging that 63 GW of nuclear power was "very ambitious" and "a dream," Jain replied that the figure reflected a capacity constraint. India could not build reactors any faster. In any case, Jain added, the relative contribution of nuclear power to the country's energy needs would continue to grow rapidly in the coming years.

Final Congressional Support Depends on Text of 123 Agreement

15. (SBU) Schiff told Jain that he supported the agreement, but remained on the cautious side. Schiff said he didn't see much benefit in the agreement for the U.S. except for the commercial opportunities it opened up for U.S. companies. Still, the agreement was important in the context of overall U.S.-India relations. He will make his support of the final agreement contingent on the final 123 draft and on India's agreements with the Nuclear Suppliers Group and the IAEA. Hence his support for the Hyde Act must be seen as a vote to allow the discussions to go forward. Schiff said that he, and other members of Congress, did not view India as a problem, since India had been

responsible with its nuclear program. Instead, Congress was concerned about the impact that the U.S.-India deal could have on the world's non-proliferation regime, and on India's ability to expand its nuclear arsenal. In particular, it would be a "disaster" if the agreement ultimately allowed India to expand its military nuclear capabilities.

Separation of India's Civil and Military Programs

16. (SBU) Schiff and staffer Thomas Sheehy asked Jain how India was planning to separate its military and civilian nuclear programs, and in particular whether scientists and others worked on both programs simultaneously. Schiff said he understood that India's indigenous sources of natural uranium were limited; hence there must be competition between civil and military uses of the fuel. He asked Jain whether the agreement would ultimately free up domestic uranium resources for military use, since the civil nuclear sector could begin purchasing uranium on the world's markets.

17. (SBU) Jain acknowledged that in many cases the same personnel still worked in both civil and military aspects of India's nuclear program. He added, however, that the NPCIL was a pure utility. It did not own the fuel it burned in its reactors. Instead, it leased it from the GOI and returned the spent fuel to the GOI for reprocessing or storage. All fuel purchased for India's four safeguarded reactors remained under safeguards after it was used, and would do so in perpetuity. Jain also said that, when the plants currently under construction go online, India will have 7 GW of nuclear generation capacity. Of that, roughly 65 percent or 5 GW will come under safeguards in accordance with the separation plan worked out with the USG, leaving only 2 GW outside of safeguards. Looking forward, the percentage of generation capacity not under safeguards will drop significantly, since all imported reactors and their fuel will be safeguarded, as will all new indigenously built pressurized heavy water reactors. Hence in the foreseeable future roughly 90 percent of the generation capacity will be under safeguards; the role of non-safeguarded reactors will drop, and in any case not much fuel was needed to supply the military program. Hence

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there was no competition between the military and civilian uses of nuclear fuel, Jain said. Schiff asked whether the planned fast breeder reactors would come under safeguards. Jain replied that India would put breeders under safeguards if they used spent fuel from safeguarded reactors.

The Three-Stage Vision and Closed Fuel Cycle

18. (SBU) The delegation inquired about India's vision of a closed fuel cycle complete with fast breeders and ultimately thorium reactors. Jain replied that the closed fuel cycle was imperative for energy security reasons. India had finite supplies of natural uranium, yet nearly unlimited supplies of thorium. For the past 50 years it has been policy to recognize the opportunities, and limitations, of the domestic natural resource base and implement a closed fuel cycle that will allow India to develop significant nuclear generation capacity without reliance of foreign fuel. India would remain committed to the three stage vision even after civil nuclear cooperation becomes reality, Jain said. India views the large scale importation of foreign reactors and fuel under the deal as a bridge, or a tool to meet the country's growing power needs before the three stage vision becomes reality by the middle of the century. Of the 63 GW foreseen by 2032 in the GOI's newest planning, 45 GW would come from imported reactors, 10 GW from indigenous PHWRs and 8 GW from fast breeders. Thereafter, until the middle of the century, the role of fast breeders will grow and the first thorium reactors would come on line. With the three stage program nuclear power could contribute 25 to 30 percent of the country's power needs by 2050, Jain estimated.

19. (SBU) Codel Lowey cleared this cable.OWEN